

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Sebacic Acid from China, Inv. No. 731-TA-653 (Second Review)

On July 6, 2004, the Commission unanimously determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c).

The Commission received a response from one domestic producer, SST Materials, Inc. d/b/a Genesis Chemicals, Inc. (“Genesis”). The Commission determined that Genesis’ domestic producer response was individually adequate. The Commission also determined that the response was an adequate domestic interested party group response because Genesis accounts for 100 percent of any current U.S. production of sebacic acid.

The Commission received responses from two respondent interested parties. The Commission determined that the individual response of importer Arizona Chemical Co. (“ACC”) was adequate. The Commission determined that the individual response of importer Morflex, Inc. (“Morflex”) was inadequate because Morflex failed to provide information responsive to much of the notice of institution, including data on the quantity and value of its own imports. The Commission determined that the respondent interested party response was inadequate because ACC, the only respondent interested party to file an individually adequate response, did not import sebacic acid in 2003.¹

In the original investigation and the first five-year review, Union Camp was the sole domestic producer of sebacic acid. ACC, the successor in interest to Union Camp’s chemical business, shut down Union Camp’s sebacic acid production operations in 2002 and began importing sebacic acid in 2004. Genesis initiated U.S. production of sebacic acid in 2002, although questions exist as to extent of Genesis’ actual production operations. Given the far-reaching changes to the composition of the domestic industry since the last review, the Commission found that a full review was warranted.

In light of these circumstances, the Commission did not exercise its discretion to conduct an expedited review, but instead determined to conduct a full review. A record of the Commissioners’ votes is available from the Office of the Secretary and the Commission’s web site (<http://www.usitc.gov>).

¹Commissioner Lane determined that the respondent interested party group response was adequate.